

BUSINESS CONDITIONS



SEVENTH FEDERAL RESERVE DISTRICT

SEPTEMBER 30, 1921

SOME IMPROVEMENT IS NOTED IN UNDERLYING CONDITIONS IN THE Middle West. Corn cribs and granaries in the corn belt states in the Seventh Federal Reserve District are now partially empty, for the first time in more than a year. The export demand for corn continued throughout the last month and is still in evidence. Furthermore, the quick response to the last Treasury offering of Certificates of Indebtedness, in a 20 per cent oversubscription of the original quota assigned to this district, indicates an accumulation of funds.

A noticeable step toward normalcy is the readjustment that has taken place in the labor situation. The employment situation shows some improvement, taking the district as a whole. The Landis decision relative to the building trades labor agreement with the contractors at Chicago, has stimulated interest in building at this center. While not yet accepted by all of the Chicago building trade unions, it is believed the decision will clear the way for a satisfactory solution of the present perplexing housing problems in this city. Another development is the announcement of new working agreements by four of the large packing houses affecting their employees, which seems to be acceptable to both employer and employee, and may open the way for clearing up of the labor situation in the meat industry.

These are important factors, but do not remove all the deterrents in the return to normalcy. The spirit of cooperation manifested by all elements in working out these problems has been a reassuring influence.

While the market movement of agricultural products continued heavy during last month, thus contributing to the repayment of loans at the banks, there is complaint on the part of retailers that this movement has not progressed sufficiently to enable the consumer to liquidate his indebtedness at the stores. Despite slowness in collections, however, the merchandising situation reflects improvement; the reports indicate the replenishing of stocks by retailers and increased retail sales compared with the previous month; however, the volume of business measured in dollars is approximately 18 per cent below a year ago.

MARKETS FOR AGRICULTURAL PRODUCTS

Counter influences are at work in the grain market. The heavy carry-over stocks of grain from last year, together with the foreign credit situation, tended to hold prices of agricultural products in check. In view of the foreign crop shortage, prices of rye, oats, barley, and corn are regarded as unusually low. Notwithstanding the marketing of corn by farmers which has taken place, there remains on the farms some of last year's carry-over of marketable corn; this is attributed to the low market price. To what extent the foreign markets will draw upon the American reserve stocks of grain, depends very largely upon their ability to finance the movement; hence, the increasing interest in the Middle West in foreign exchange and the European credit situation.

The movement of small grains has been large, but not beyond the ordinary percentage of the aggregate crop. The elevator and car situation has not interfered in any way with the movement of grain. This is accounted for by the large increase in the volume of grain shipped by boat.

The total grain shipments from Chicago, including forwarding, compare as follows:

SHIPPED BY BOAT		August, 1921	August, 1920	July, 1921
Wheat	(Bu.)	16,154,000	3,685,000	2,793,000
Corn	"	11,927,000	163,000	10,353,000
Oats	"	3,092,000	236,000	3,023,000
Rye	"	1,437,000	435,000	76,000
Barley	"		110,000	
SHIPPED BY RAIL				
Wheat	(Bu.)	2,236,000	2,779,000	1,128,000
Corn	"	1,368,000	2,783,000	924,000
Oats	"	2,806,000	4,466,000	2,176,000
Rye	"	38,000	178,000	11,000
Barley	"	426,000	246,000	242,000

In addition to the above, 803,000 barrels of flour were moved by rail in August, 1921, compared with 476,000 barrels in August, 1920.

The export of corn continued very large throughout August. A large consignment has been booked to go abroad, and is being exported gradually through the Atlantic seaports, chiefly Montreal. The demand slackened some during the first week of September, when Argentine offered corn a little more freely.

FARM PRODUCTION AND SEEDING

Corn throughout the Seventh Federal Reserve District shows a crop greater than August conditions indicated, and considerably in excess of the average. Of the estimated 3,185,876,000 bushel corn production in the United States, 1,058,761,000 bushels are accredited to territory lying almost entirely within the Seventh Federal Reserve District. The Government estimate of the corn crop for the states largely in this district is 44,323,000 bushels less than the final Government figures for 1920, but 54,365,000 bushels greater than the five-year average (1915-1919). Iowa, the largest

corn producer, has a crop estimated at 424,032,000 bushels, which is 49,768,000 bushels below last year's record-breaking crop, but 55,067,000 greater than the five-year average. Illinois, which ranks second as a corn growing state, it is estimated will produce 325,592,000 bushels or 31,424,000 bushels more than last year, although 20,738,000 below the five-year average.

The commercial potato crop in this district is estimated at 53,898,000 bushels or 33,191,000 bushels less than in 1920 and 18,735,000 below the five-year average.

The Wisconsin tobacco crop is reported of good quality, but is estimated to be about 10,000,000 pounds short of the 62,400,000 pounds raised in 1920.

Fall plowing is well advanced all through the district, and soil conditions are favorable with plenty of moisture. Illinois and Iowa report an increased acreage of winter wheat.

CATTLE FEEDER MOVEMENT

Indications of a better cattle feeder movement are reflected in the increase of 252.7 per cent of shipments in the ten principal feeder markets, compared with the previous month; and also in an increase of 30.4 per cent, compared with August a year ago. Delay in the movement this year, however, resulted in a large number of good western feeder cattle going to slaughter instead of back to the farms. Feeder stock seemed to bring a little better price for slaughter than drovers were willing to pay, and in many cases stock men went away empty-handed or purchased a cheaper grade of cattle.

Several hundred live steers have been purchased in the Chicago market and shipped to England, the purchase price being approximately \$8.00 per hundred pounds, live weight. This was the first export from Chicago in about two months.

Reduction in live stock rail rates operating in the territory west of Chicago and the Mississippi River became operative September 20.

The warning sent out to western stock men by commission men a month ago, checked the movement of range cattle somewhat, but not enough to prevent a general decline in live cattle prices, which even affected some of the corn-fed grades. Average prices for a period of two weeks ending September 11 were 30 to 60 cents a hundred pounds less than those for the corresponding period of the previous month, excepting for canner and cutter, and stocker and feeder classes.

Live cattle prices in Chicago for the same two weeks were about 46 per cent less than for the corresponding period a year ago. The market seems to reflect some disposition to take light weight, corn-fed cattle, and to discriminate against grass-fed of all weights, and heavy corn-fed cattle.

SLAUGHTER OF LIVE STOCK AND MEAT PACKING

The apparent slaughter of cattle at Chicago, computed by deducting shipments from receipts, shows an increase of 29.7 per cent in August, compared with the previous month, and a decrease of 2.2 per cent, compared with August of last year. The cattle slaughter in August at the principal markets in the Middle West was 12.5 per cent greater than for the previous month, but 5.1 per cent less than a year ago. August slaughter of cattle and calves at 67 markets was 17.9 per cent over July, and 3.7 per cent less than August, 1920.

The apparent slaughter of hogs at Chicago was 1.0 per cent below July, but 10.8 per cent greater than for August a year ago; while the slaughter in the Middle West shows a decrease of 10.3 per cent at the principal markets, compared with the previous month, and an increase of 20.9 per cent compared with a year ago. August slaughter of hogs at 67 markets was 4.5 per cent less than in July, and 12.6 per cent greater than in August, 1920.

Average live hog prices for the two weeks ending September 10, were about \$2 per hundred pounds lower than for the corresponding period of the previous month, this being a decline in live stock prices in Chicago of approximately 20 per cent. This average price is about \$1 below the average for August of this year, and 47.5 per cent less than the average price for August of last year.

The apparent slaughter of sheep and lambs at Chicago in August was 45.3 per cent greater than during the previous month, but only 11.3 per cent more than for August of last year. The slaughter at the principal Middle West markets was 18.9 per cent greater than the previous month, and 17.9 per cent greater than in August, 1920. August slaughter of sheep and lambs at 67 markets was 33.4 per cent greater than in July, and 21.6 per cent greater than in August, 1920.

The receipts of sheep and lambs at Chicago were less in August than in the corresponding month of a year ago; also the shipments were less, thereby increasing the slaughter compared with a year ago. Prices of sheep and lambs for the two weeks ending September 10 were lower than for the corresponding period in the previous month, the decline being 35 cents on fat sheep; \$1.20 on fat western sheep; \$1.75 on yearlings; and \$1.60 on lambs, per hundred, live weight. Sheep prices were from 41 to 45 per cent lower than for the same period last year, while lambs showed a decline of 36 to 38 per cent. The early September declines seemed to check the market movement, and decrease in receipts tended to stabilize prices.

PACKING HOUSE SALES AND STOCKS

The total volume of excess of shipments over receipts of meat and lard at Chicago in August was 1.2 per cent greater than in the previous month, and 24.6 per cent greater than in August, 1920. Cured meats shipments from Chicago, less receipts, were 1.0 per cent greater than in the previous month, and 61.1 per cent greater than in August, 1920. The cured meat sales

throughout the Middle West ruled higher than during the previous month.

Returns from fifteen reporting packing houses show a decrease of 3.0 per cent in dollar sales in August, compared with July, and sixteen show a decrease of 26.3 per cent compared with August, 1920. The decline in prices was a big factor in this decrease.

Returns from eight Chicago retail meat concerns indicate an increase of 10.4 per cent in the volume of dollar sales in August, compared with the previous month, and the same reports show the total retail sales increased in the early part of September; a strong retail demand for choice meats developed. Wholesale sales of lard in August exceeded those during the previous month, with approximately the same volume maintained in the early part of September.

A gradual improvement in the demand for fresh meats was in evidence from the middle of August to the middle of September. Wholesale prices, as a general rule, declined, except for some cuts of fresh pork and veal and better grades of beef. Retail prices on beef and pork showed little change, while mutton and lamb showed a decline.

COLD STORAGE HOLDINGS IN U. S.

The cold storage holdings in the United States on September 1, and on August 1, 1921, compared with the corresponding months a year ago follow:

TOTAL HOLDINGS

IN THOUSANDS OF POUNDS

FROZEN AND CURED Sept. 1, 1921 Sept. 1, 1920 Aug. 1, 1921 Aug. 1, 1920

MEATS				
Frozen Beef.....	48,758	67,010	66,262	77,469
Frozen Pork.....	103,722	129,197	149,435	161,804
Frozen Lamb & Mutton.....	5,930	11,021	6,751	2,299
Cured Beef.....	8,478	13,509	9,953	14,956
In process.....	8,707	9,203	7,876	8,662
Dry Salt Pork.....	119,762	256,137	134,459	300,074
In process.....	83,040	60,256	97,053	81,253
Pickled Pork.....	128,182	165,399	129,704	164,453
In process.....	192,957	195,982	216,919	225,443
Lard.....	149,671	170,774	194,490	191,531
Miscellaneous Meats	79,730	69,471	80,995	78,670
FROZEN POULTRY				
Broilers.....	4,850	4,135	3,046	2,691
Roasters.....	2,118	1,724	3,580	2,604
Fowls.....	2,578	5,002	3,112	5,239
Turkeys.....	2,918	1,183	3,836	1,780
Miscellaneous.....	7,549	9,287	7,614	10,031
DAIRY PRODUCTS AND EGGS				
Creamery Butter....	92,396	15,558	82,838	101,455
Packing Stock Butter.	2,640	3,548	2,704	2,970
American Cheese....	46,706	60,372	41,284	51,512
Swiss Cheese.....	3,349	3,995	2,910	3,055
Brick & Munster....	1,656	2,254	1,671	2,065
Limburger.....	1,092	1,401	957	1,097
Cottage, Pot & Bakers	3,512	5,689	3,474	5,765
Cream & Neufchatel..	390	276	292	226
All other Cheese.....	6,271	6,272	5,728	6,315
Case Eggs.....	7,207	6,372	7,605	6,872
Frozen Eggs.....	27,580	21,901	27,952	20,055

*In thousands of cases of 30 dozen each.

Note—Frozen and canned meat holdings include stocks in cold storage warehouses and packing house plants.

Stocks of fresh meats were reduced somewhat; cured meats also declined during August. Chicago stocks of cured meats on August 31 showed a decline of 5.9 per cent, compared with the close of the previous month; Milwaukee declined 21.3 per cent, while the six principal western markets showed a decline of 16.3 per cent. Comparisons with August 31, 1920, show declines of 18 per cent at Chicago; 54 per cent at Milwaukee; and 18.9 per cent at the six principal western markets, including Chicago and Milwaukee.

Lard holdings at Chicago declined 32.6 per cent in August, compared with the previous month, and from August 31 to September 14, declined 34.8 per cent. Milwaukee lard holdings showed a decline on August 31, of 28.4 cent and the holdings at the six principal markets, including these cities, showed a decline 30.9 per cent during August. Compared with a

year ago, however, the August 31 lard stocks showed declines of 24.9 per cent at Chicago; 65.4 at Milwaukee; and an average of 18.9 per cent for the six principal markets.

The exports of lard from Atlantic ports in August increased 166.1 per cent over the corresponding period of last year. The increase from the Gulf and Atlantic ports was 144.2 per cent over a year ago, and 20.3 per cent more than the previous month. Ham and bacon exports from the Gulf and Atlantic ports increased 32.8 per cent over a year ago, and 9.3 per cent over the previous month. (These in all instances are four weeks comparisons.)

The export demand for sweet pickled meats declined in August and has shifted to dry salt meats. Continental Europe is a heavy buyer of fat bacon and lard; this demand increased in early September.

AUTOMOBILES, TRUCK AND AUTOMOBILE ACCESSORY INDUSTRIES

Keen competition continues among automobile manufacturers. The widely extended reduction in prices of automobiles was increased during the last month by further cuts on the more popular cars; thus narrowing the margin of profit in some instances to a point where a greater reduction in the selling prices on cars manufactured from material purchased on the present basis would be difficult to meet without entailing actual loss. The stagnation of the early months of 1921 was followed by trade activity which increased materially in July, the month when the automobile business usually slackens.

Some automobile concerns have held out against further price reductions, but eagerness for trade is developing a period of competitive elimination. Ten automobile manufacturers announcing price reductions between August 1 and September 2 show percentage decreases in price of five-passenger touring cars ranging between 4.83 and 20 per cent, the average price reduction being 14.43 per cent. The new prices, in some instances, represent a second, third, and even fourth reduction, since the first of the year. July export figures show a 13.24 per cent increase in number over June, but 8.25 per cent decrease in value. The export of trucks continues to decrease both in number and value each month during 1921.

While the trend in the domestic demand for automobiles at this season is downward, the increase in the volume of sales following the price reduction has been disappointing. The reports from representative manufacturers seem to indicate that any increase in sales by an individual company has been at the expense of another, rather than through a development of any new buying power. In fact, prominent automobile makers say that it is difficult to determine whether an active buying market for passenger cars can be established by a cut in prices. Companies are timing their schedules with their orders, and are manufacturing only as fast as orders are received.

The condition of the automobile truck manufacturers is less favorable. Estimating the volume of business on reports from accessory manufacturers furnishing vital parts, the results indicate a production of trucks between 20 and 25 per cent of the previous year's output for the corresponding period. Accessory plants report a little better business in early September than in August or July; this applies especially to those manufacturers engaged in the making of iron and brass accessories.

Dollar sales, now available from forty-two passenger car companies, excluding the Ford, show an increase for the second quarter, over the first, of 85.61 per cent for five-passenger cars, whose present prices range between \$1,000 and \$2,000; an increase of 77.46 per cent on cars ranging from \$2,000 upward; and a decrease of 18.7 per cent on cars ranging between \$600 and \$1,000.

Comparing the sales of the same concerns in the second quarters of 1921 and 1920, decreases are shown for all cars: 39.75 per cent on cars ranging between \$600 and \$1,000; 8.14 per cent on cars between \$1,000 and \$2,000; and 33.79 per cent on cars \$2,000 and up.

August shipments of automobiles, partly estimated, show an increase of 2 per cent over July and were 72 per cent of August, 1920. The number of carloads shipped and the number of machines driven away and transported by boat in August compares with the previous months of this year and with 1920, as follows:

	Carloads		Driveaways		Boat	
	1921	1920	1921	1920	1921	1920
August.....	*20,350	23,386	*14,290	34,060	*3,565	7,095
July.....	19,470	23,082	15,320	52,342	3,725	8,702
June.....	20,269	22,516	18,834	60,746	3,947	8,330
May.....	18,608	21,977	15,193	74,286	2,381
April.....	20,187	17,147	14,197	64,634	1,619
March.....	16,287	29,326	9,939	57,273	75
February....	9,986	25,505	7,507	43,719	99
January.....	6,485	25,057	3,185	29,283	93

*Partly estimated.

MISCELLANEOUS MANUFACTURING IN THE SEVENTH RESERVE DISTRICT

Improvement is reported in some lines of manufacturing in the Seventh Federal Reserve District during August and early September. While little change in general conditions has taken place, certain industries appear to be gaining. Reports from the steel industry are encouraging, but concerns using steel, with the exception of wire, are not inclined or are not in a position to buy. Farmers are buying only what is absolutely necessary, and the agricultural machinery business is at a low ebb, except for parts and repairs. The manufacture of wool and cotton goods, and shoes is now at a good rate of production in this district.

An index of general conditions is obtained from the statistics on box and container sales, reported to this bank by six representative firms. While dollar sales for August were approximately 33 per cent of sales for August last year, they show a 23 per cent increase over July. Cumulative sales for the first eight months this year are 38 per cent of the sales for the corresponding months of last year. Material consumed in this industry in August was 40 per cent of that in August, 1920.

IRON AND STEEL PRODUCTION AND SALES

Production and sales in the iron industry increased some during August. Mills and furnaces are reported to be operating slightly better than a month ago, with moderate improvement in buying. One of the most encouraging factors in the industry was that pig iron production for August increased 84,208 tons as compared with July, this being the first gain in ten months. Illinois tonnage, however, decreased 17,915 tons, compared with July. Lake ore shipments increased 281,471 gross tons in August, compared with July.

TANNING AND LEATHER INDUSTRIES

GREEN HIDES—VOLUME AND MARKET

Trading in hides was very active at Chicago, and several hundred thousand packer hides changed hands, although the country hide situation was very quiet. The New York market was fairly active, and some buying for German account was reported. Calf-skin trading has been fairly active for the period from August 15 to September 15, 1921; several thousand were moved. Twenty-seven carloads of spready hides, involving stocks back to last December, were sold on September 16, at 17 cents a pound, green weight, and one car at 16½ cents. This is the class used for automobile upholstery.

There was little change in the average selling prices of green hides for the two weeks ending September 10 compared with the corresponding period in August. Sheep skins were about the same; but lamb skins were higher, and calf skins were slightly lower.

Stocks of green hides on hand at the first of August, 1921, were: cattle, 6,448,869; calf and kip, 4,620,633;

Chicago prices for No. 2 foundry and malleable pig iron advanced \$2.50 per gross ton during August, although, as compared with August, 1920, product prices are still 54 per cent lower. No change in price took place on iron bars during August. Heavy scrap iron advanced \$1.00 per gross ton, making the present price 50.8 per cent lower than a year ago.

It is estimated that the production of steel ingots by the entire industry was at about 30 per cent of capacity. The railroad demand for finished steel is improving and buying is reported on the increase, owing to the depletion of stocks, and orders are for immediate needs. Unfilled orders on the books of the United States Steel Corporation continued to decrease during August. Unfilled orders on August 31 amounted to 4,531,926 tons, compared with 4,830,324 tons at the close of July. There is less demand at the present time in the Chicago market for soft steel bars than for other forms of finished steel, because the general manufacturing consumer is remaining out of the market. The demand for hard steel bars, rerolled from rails, is at a low point, and most of the mills are idle.

BUSINESS AND HOUSEHOLD FURNITURE

Improvement during August in furniture manufacturing in the district is reported by 28 out of 47 concerns; two reporting less business, and 17, no change. Much of this improvement is due to the demand from the East, but some improvement is also seen in that from the South. The housing shortage is still acute in many places and is hampering the furniture industry. Seven factories, engaged in making furniture for business places, show operations at an average of about 50 per cent of capacity; forty house furniture makers show operations averaging 75 per cent of capacity, six of these reporting 100 per cent.

sheep, 13,761,905. These were less than the holdings on July 1 in cattle hides by 9.7 per cent and in calf and kid by 6.0 per cent. The excess of shipments over receipts at Chicago in August was 29.9 per cent less than for July, but was 22.4 per cent greater than for August, 1920.

TANNING AND LEATHER

Tanneries report a better volume of trading during the first two weeks in September, and that buyers were in the market from points outside of Chicago, and in the Northwest, and were taking good quantities of leather. Trading in upper and sole leather continued to expand and although sales in many cases were limited, there was a continuous number of buyers of small sized lots. The movement of side and calf leathers continued to expand. There was fair trading in union sole, but oak sole sales were limited during the first two weeks in September. Most buyers are using cut soles. Upper leather tanneries on September 10 were reported working about 75 to 80 per cent of normal.

WESTERN SHOE MANUFACTURING

Shoe manufacturing in this district is operating with production near capacity, fitting rooms congested with work, and orders sufficient for several weeks on hand. Fourteen manufacturers reporting to this bank show an increase in production during August of 19.5 per cent over July, and of 15.9 per cent over August last year; and an increase of 24.7 per cent in shipments over July, and of 34.5 per cent over August last year.

BITUMINOUS COAL PRODUCTION AND SALES

There has been an increase in the demand for domestic sizes of coal, lump, egg and nut, sufficient to bring the operating time to an average of about three days per week throughout the states of Illinois and Indiana. This has increased the production of screenings, which has been absorbed without any material decrease in the market price.

With two exceptions, the railroads have not been buying any amount of coal during the last month to store against winter requirements, and consequently, they will be in the market later, as will other unsupplied consumers. Public utilities and industries, with business booked ahead, are taking screenings in addition to their current demands.

Unfilled orders reported on hand at the close of the month were 1.6 times the August production.

Chicago shoe manufacturers reported they were adding new help each week during the first part of September, and are working steadily. One new factory has been opened in Chicago. All the Chicago factories report an improvement in the demand for men's shoes, but some recession in that for women's shoes. One large Chicago factory making men's shoes reports being sold up to November 15.

Small consumers are still buying coal in moderate quantities. There was a slight increase in sales of coal in August over July with prices about the same, but with prices much lower on steam coal than for August of last year.

The Central Illinois coal mining district (63 operating companies reporting) shows 1,166,947 tons of bituminous coal produced in August, compared with a potential tonnage of 3,258,350, showing a production ratio of 35.8 per cent of the potential tonnage. In the week ended September 10, these companies produced 260,023 tons against a potential tonnage of 603,750, or on a 43.1 per cent ratio.

TRANSPORTATION LOADINGS AND CAR SUPPLY

The number of cars loaded with revenue freight for the week ending September 10 decreased 82,483 cars from the week ending September 3. This can be accounted for partly by the observance of Labor Day. The loadings of the week ending September 3 were 830,601 cars, representing the fifth week of increase, and was the highest record since December 11, 1920.

Decreases were reported in the loadings of all commodities compared with the preceding week. Loadings of grain and grain products were 54,457 cars, or 6,175 less than the previous week, but were 15,460 more than for the same week of 1920.

Merchandise and miscellaneous freight loadings were 452,128 cars, or 52,697 less than for the week of September 3, and were 35,340 less than for the corresponding week of 1920.

Coal loadings for the week ending September 10 were 142,049 cars, or 13,767 less than for the previous week, and were 37,697 less than for the corresponding week of 1920.

The surplus of serviceable freight cars for the week ending September 8 was 237,972, a decrease of 9,468 cars from the previous week; 65,959 of these were box cars.

The number of reported bad order cars decreased on September 1 for the first time in a year; this number being 374,087 on September 1 compared with 382,440 on August 15; and was 16.2 per cent of all freight cars on September 1 compared with 16.6 per cent on August 15.

WHOLESALE AND RETAIL MERCHANDISING IN MIDDLE WEST

Considerable concern is being manifested by merchants in the Middle West regarding the effect of the Fordney Tariff Bill and especially its American valuation plan on prices and on mercantile business. It is feared that operations under the valuation provision may involve delay in shipments reaching merchants promptly, and thus render it difficult if not impossible to compute costs of imported merchandise before its arrival. Leading merchants are following closely the developments in the proposed legislation to determine the effect on their individual business and upon the merchandising situation as a whole; and are apprehensive because experience indicates that trade cannot be satisfactorily carried on when uncertainty as to cost of materials is involved, particularly where goods are purchased from six months to a year in advance.

WHOLESALE MERCHANDISING TRADE

Reports from the wholesale trade in textiles, shoes, and groceries have an encouraging tone. Concerns from which comparative sales figures are available for August showed a marked improvement over July. Net sales for six wholesale dry goods firms increased 43.1 per cent; seven shoe firms, 60.4 per cent; and fourteen grocery firms, 15.4 per cent.

The decline in dry goods sales in August compared with the corresponding month of last year is

30.0 per cent for ten firms, while that of July was 53.4 per cent, showing a smaller rate of decrease. Restock orders, which were in evidence last month, are again a feature of the August replies to the monthly questionnaire of this bank; practically half of the replies for dry goods noting this factor in their August business. The feeling that staples are likely to advance in sympathy with the tendency in cottons has calmed some of the nervousness of retail merchants, and there is manifested less timidity in placing replenishment orders. Regarding prices, seven of the returns indicate advances from the present level.

Seven shoe wholesalers indicate a decrease for August of 26.2 per cent from 1920, against the 34.8 per cent loss shown in July. The replies show stock-up buying, but not on a large scale, and four of the replies note caution as the attitude of customers. The prevailing opinion is that the price level is stable, but two correspondents believe the trend of prices is downward.

In the grocery trade, 18 reporting wholesalers show a decrease of 27.0 per cent in August net sales compared with August, 1920, against 49.7 per cent in July compared with the corresponding month a year ago. Some restocking is reported, but the attitude of retailers is generally cautious. The prevailing belief of the trade is that prices are stable with a tendency to slight advances in staples from supply and demand causes.

RETAIL TRADE NET SALES AND STOCKS

Retail trade in the Seventh Federal Reserve District, as reported by 48 department stores, shows an increase in net sales of 11.5 per cent for August as compared with July. However, there is still further falling off in dollar sales as compared with 1920, the August comparison being 18.1 per cent as compared with 15.5 per cent decrease for July. A decrease in stocks of 21.7 per cent is shown for August as compared with the same month in 1920, while the same comparison for July showed 18.6 per cent decrease. A tendency to stock up is indicated by an increase in stocks of 8.0 per cent at the close of August as compared with stocks at the close of July. A turnover rate for the last two months of 2.4 times a year is indicated by the reporting stores.

The position in Chicago, as reported by 18 stores, is more favorable, compared with last year, than that in the district as a whole, showing a decrease in net sales for August as compared with last year, of only 11.1 per cent. However, August sales by these stores were 9.0 per cent under those of July. Stocks at the close of August, 1921, show a decrease of 15.9 per cent as compared with August, 1920. More stocking-up is indicated in Chicago stores than in the district as a

whole, the increase in stocks at the close of August, over those at the close of July, standing at 11.9 per cent. A turnover rate of 2.9 times a year was maintained during the last two months by the reporting Chicago stores.

The percentage of Operating Expense and Overhead to Gross Sales, as given by the reporting stores, was 30.7 for August, 1921, as compared with 26.7 for August, 1920; and 27.5 for the six months ending June 30 as against 25.1 for the corresponding period last year.

A summary of the reports follows:

	DISTRICT 48	CHICAGO ALONE 18
Number of stores reporting.....		
Net Sales—Change August, 1921, from August, 1920.....	-18.1%	-11.1%
Net Sales—Change August, 1921, from July, 1921.....	+11.5%	-9.0%
Net Sales—Change July and August, 1921, from same period 1920.....	-16.6%	-10.0%
Stocks—Change August, 1921, from August, 1920.....	-21.7%	-15.9%
Stocks—Change August, 1921, from July, 1921.....	+8.0%	+11.9%
Turnover—(Times per year).....	2.4	2.9

CLOTHING AND TAILORING INDUSTRY

While not much change in general conditions is indicated in the reports from clothing manufacturers, some improvement is shown in the Tailors-to-the-Trade branch. Operations in this branch for August were approximately 36 per cent below 1920 on orders for suits, number of suits made, and number of suits shipped, whereas July showed between 41 and 44 per cent below in all three items compared with the previous year. Some further falling off in the Cut-Trim-Make industry is indicated, with operations between 35 and 37 per cent under 1920 during August, compared with between 29 and 31.5 per cent during July. Some improvement is noted in the wholesale clothing industry, as compared with the reports for July; the number of suits made during August being about the same as in 1920, except for one concern, which showed a very large increase. In July of this year the number of suits made was 16.9 per cent below those in July, 1920. The number of suits shipped is 13.2 per cent below that in August, 1920. The detailed statistics for August follow:

	Tailors-to-the-Trade	Cut-Trim-Make
Number of firms reporting.....	16	8
Orders for suits as compared with August, 1920.....	-36.0%	-37.1%
Number of suits made as compared with August, 1920.....	-35.2%	-35.9%
Number of suits shipped as compared with August, 1920.....	-36.4%	-35.0%

BUILDING CONSTRUCTION PERMITS AND CONTRACTS

There has been a little improvement in the last month in the actual volume of building construction. The valuation of contracts awarded in August is about \$2,000,000 greater than that reported in this western district for July, but 23.2 per cent below that of a year ago; the number of projects for which contracts were awarded in August is 27.9 per cent greater than in

July, and 34.6 per cent greater than in August last year. The number of contemplated projects in August is 36.2 per cent greater and their valuation 27.4 per cent less than those reported for the preceding August.

The building statistics for August, covering Illinois, Indiana, Iowa, Wisconsin, Michigan, Missouri, and

portions of Eastern Kansas and Nebraska, as compiled by the F. W. Dodge Company, follow:

CONTRACTS AWARDED

	No. of Projects	New Floor Space in Square Feet	Valuation
Business Buildings.....	204	1,604,200	\$9,786,700
Educational Buildings.....	90	1,642,900	9,016,500
Hospitals and Institutions.....	22	687,200	3,200,000
Industrial Buildings.....	52	512,500	2,415,000
Military and Naval Buildings..	2	48,500	430,000
Public Buildings.....	12	11,500	71,800
Public Works and Public Utilities.....	371		17,148,000
Religious and Memorial Buildings.....	40	274,900	1,676,000
Residential Buildings.....	*996	3,343,300	14,261,000
Social and Recreational Buildings.....	38	438,300	2,240,000
Total.....	1,827		\$60,245,000

CONTRACTS AWARDED

JANUARY 1 TO SEPTEMBER 1

1921.....	\$444,418,000	1915.....	\$188,797,000
1920.....	613,755,000	1914.....	151,865,000
1919.....	580,307,000	1913.....	134,722,000
1918.....	273,794,000	1912.....	83,723,000
1917.....	479,812,000	1911.....	99,600,000
1916.....	286,888,000	1910.....	146,292,000

*1,145 Buildings.

CHICAGO BUILDING LABOR SITUATION

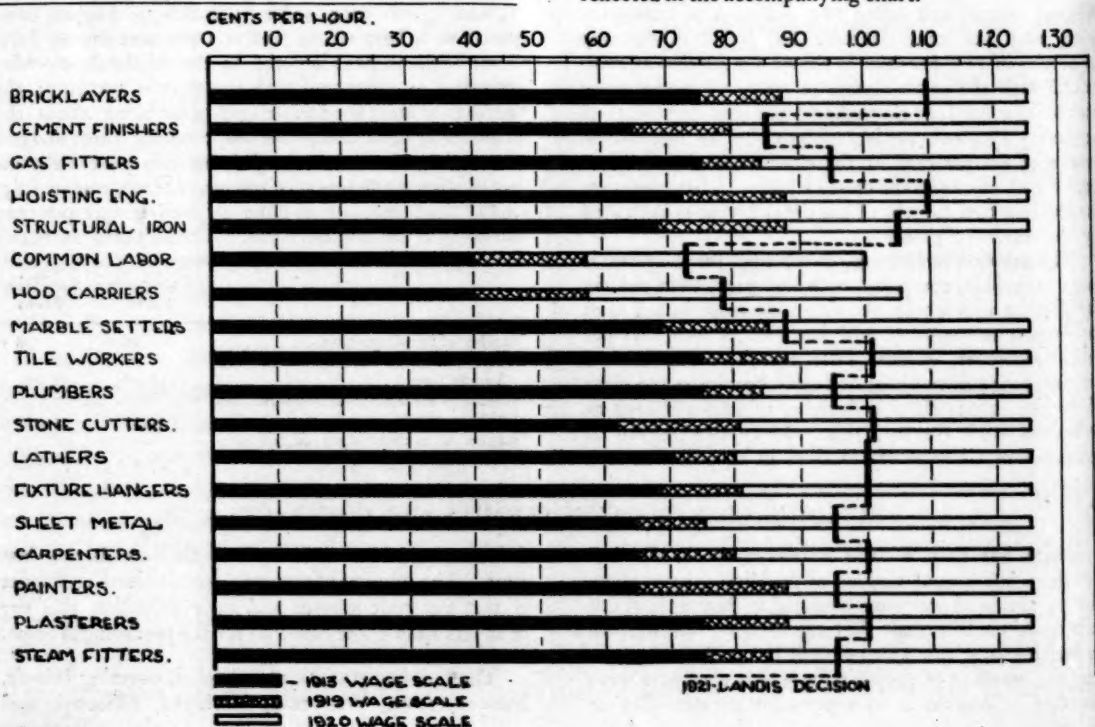
Judge Landis' decision in the Chicago building wage and working agreements matter, in which he was selected as an arbiter by both unions and contractors is expected to clear the way for an adjustment in building costs to more nearly normal conditions, and for active building in residential sections this fall, and to contribute to a general period of building activity next year.

For several years, Chicago has been handicapped by high building costs and by working agreements which seem to operate to exclude outside competition, both in the matter of the purchase of materials and of bidding for contracts. These features Judge Landis sought to eliminate by insisting upon their being left out of the new working agreement, practically all of the trades acquiescing, with the exception of five. The builders say that, owing to the lateness of the season, there will be only a few large projects put under construction this fall, but that there will be a considerable increase in the amount of residential structures put under cover before the end of the year.

The Landis scale in no case carries building wages in Chicago back to the 1919 wage level, although it approaches the 1919 wage scale of the marble setters and cement setters, and is not far removed from that of the plumbers, gas fitters, and steam fitters. These five trades were not parties to the agreement to eliminate the features objected to by the jurist from the working contracts. While the wage reduction itself may not reduce building costs, according to experts, more than 6 or 7 per cent, the saving brought about by the elimination of factors in the old agreements increases the economy in building.

Money for building continues scarce, and the high rate of commission demanded by the large loaning companies has been a retarding factor in holding up a large amount of construction work. The Landis decision is expected to attract investment funds for building purposes later on.

How the Landis wage scale cuts into the 1920 scale, and compares with that in force in 1919 and 1913, is reflected in the accompanying chart.



BUILDING PERMITS AT THIRTY-TWO CITIES

Increased interest, however, in building construction is reflected in the greater number of building permits. Advices from Indianapolis, Des Moines, Madison, and from many of the Michigan cities, point to increased building, if material costs and other conditions are satisfactory.

The total number of permits issued in August by 32 cities in the Seventh Federal Reserve District was 8,709 with a valuation of \$28,981,037 compared with 6,246 permits with a valuation of \$18,288,808 for August, 1920. This is an increase of 2,463 in number of permits, and of 58 per cent in valuation. Seven cities in Illinois, including Chicago, showed an increase in number of permits and in valuation; five cities in Indiana showed an increase in number of permits, but a slight decrease in valuation; five cities in Iowa showed a substantial increase in number of permits, and a slight increase in valuation; ten cities in Michigan showed a decrease in number of permits, but a 20 per cent increase in valuation; while five Wisconsin cities, including Milwaukee, showed an increase of 70 in number of permits, and an increase of 93 per cent in valuation.

Taking the large cities, Chicago shows 750 more permits than in the corresponding month a year ago, and an increase in valuation of 132 per cent; Indianapolis, 252 more permits, but a valuation of 28 per cent less; Detroit, 160 less permits, and an increased valuation of 36 per cent; and Milwaukee, with 165 more permits, showed an 81 per cent increase in valuation. The detailed statistics on building permits follow:

	AUGUST 1921		AUGUST 1920		Per Cent Change from 1920 Valuation
	No. of Permits	Estimated Cost	No. of Permits	Estimated Cost	
ILLINOIS					
Aurora.....	47	\$107,605	26	\$35,680	+201
Chicago.....	1,058	12,851,910	308	5,521,000	+132
Decatur.....	105	177,600	43	109,750	+ 61
Evanston....	94	403,165	26	40,625	+892
Peoria.....	128	161,400	99	264,160	- 39
Rockford....	130	170,440	158	148,450	+ 14
Springfield..	103	356,405	103	261,625	+ 36
Total.....	1,665	14,228,525	763	6,381,290	+123
INDIANA					
Fort Wayne..	180	573,505	69	291,255	+ 96
Hammond...	55	154,700	69	360,985	- 58
Indianapolis.	1,061	1,235,260	809	1,714,842	- 28
Richmond....	34	44,475	31	24,275	+ 83
Terre Haute..	135	345,973	55	22,956	+1407
Total.....	1,465	2,353,913	1,033	2,414,313	- 3
IOWA					
Davenport...	118	124,435	85	83,910	+ 48
Des Moines..	141	248,421	87	586,966	- 58
Dubuque....	37	743,533	42	69,331	+972
Mason City..	36	135,379	14	44,050	+207
Sioux City...	170	672,215	107	1,086,150	- 39
Total.....	502	1,923,983	335	1,870,407	+ 3
MICHIGAN					
Battle Creek	104	87,830	67	64,935	+ 35
Bay City....	235	89,291	103	90,350	- 2
Detroit.....	1,716	4,966,895	1,876	3,630,405	+ 36
Flint.....	229	562,370	426	607,559	- 8
Grand Rapids	290	540,851	178	420,146	+ 28
Jackson.....	66	312,675	80	135,020	+131
Kalamazoo...	95	90,584	48	79,375	+ 14
Lansing.....	158	131,460	139	182,250	- 28
Pontiac.....	56	57,401	127	281,598	- 80
Saginaw....	188	140,276	201	327,588	- 58
Total.....	3,137	6,979,633	3,245	5,819,226	+ 20
WISCONSIN					
Kenosha....	72	191,834	191	224,432	- 15
Madison....	100	297,650	54	117,955	+152
Milwaukee...	600	2,142,566	435	1,183,663	+ 81
Racine.....	88	147,764	99	166,786	- 12
Sheboygan...	80	715,169	91	110,736	+545
Total.....	940	3,494,983	870	1,803,572	+ 93
Grand Total.	8,709	28,981,037	6,246	18,288,808	+ 58

LUMBER PRODUCTION, SHIPMENTS AND ORDERS

Hardwood production for the four months ending August 1, was about 125 per cent of the ten years average for these months. This compares favorably with the 1920 output, and is slightly below that of 1919. Production of hemlock, however, with the exception of a sudden activity that developed during the early months of 1920, has shown a steady decline, the production since April having ranged from 40 to 50 per cent below normal, or the ten-year average.

Shipments in the hardwood industry have not kept pace with production. The July shipments are 70 per cent of normal, and about 60 per cent of production. This is the highest ratio since last October. Hemlock shipments are 30 per cent of normal, and 70 per cent of the production. This is lower than for the three previous months, when shipments and production were about the same. Actual figures of July, 1921, show a pro-

duction of hardwood of 31,519,000 feet and shipments of 19,607,000 feet; and a production of hemlock amounting to 22,444,000 feet, with shipments totaling 16,107,000 feet.

The August lumber movement reported by the seven associations, shows a production of 834,477,565 feet; shipments of 834,008,660 feet; and orders for 851,607,567 feet. The excess of production over shipments was a small fraction of 1 per cent, while the excess of orders over shipments was 2.1 per cent.

The lumber production for the 36 weeks ended September 10, reported by the seven associations was 5,483,859,308 feet, with shipments of 5,477,681,257 feet, and orders for 5,570,004,279 feet. The excess of production over shipments was a fraction of 1 per cent, while the excess of orders over shipments was 1.7 per cent.

LOWER CEMENT PRICES ANNOUNCED

Stocks of Portland cement generally are low, and the industry is experiencing practically no transportation trouble in making deliveries, with indications of a light demand during the winter months. Because of this and the decline in manufacturing costs, the base price of one of the largest producers in the Middle West has been reduced 20 cents per barrel. This is net to the customer at the Buffington plant near Chicago. The September price to the consumer is \$1.70 per barrel compared with \$1.90 per barrel, established February last, and \$2.10, the price enforced last August. The base price at the Chicago plant of this company is now 37 per cent higher than the pre-war price, but on

the same level with the price prevailing between September, 1917, and March, 1918, inclusive.

Production and shipments of Portland cement in the United States increased during August, the production exceeding the August average from 1917 to 1921, by about 15 per cent. The production for the first eight months of 1921 was about 99 per cent of the output during the corresponding period of the previous year, and exceeded the average for the first eight months of the five-year period by 8.5 per cent. Stocks of finished cement at mills August 31 approximate 8,250,000 barrels, compared with 8,941,000 barrels on January 1, and the five-year average of 9,600,000 barrels for August. August shipments, as is usual, exceeded production.

INDUSTRIAL EMPLOYMENT SITUATION IN THE MIDDLE WEST

Employment increased by 1.2 per cent during August. This is an estimate based on the reports of 248 manufacturing concerns, employing at the present time 157,875 men. The pay per man increased during the same period by 3.4 per cent, due to the fact that more factories are running full time. The changes in employment conditions follow:

	DISTRICT	CHICAGO
Number of firms reporting.....	248	77
Total number employed August 31, 1921....	157,875	78,838
Number employed as compared with		
(a) the preceding month.....	+1.2%	+0.6%
(b) the same month a year ago.....	-30.5%	-19.2%
Amount of pay roll as compared with		
(a) the preceding month.....	+4.7%	+2.7%
(b) the same month a year ago.....	-38.8%	-25.0%
Pay per man as compared with		
(a) the preceding month.....	+3.4%	+2.1%
(b) the same month a year ago.....	-11.9%	-7.3%
Percentage of production to maximum monthly output in 1920:		
(a) August, 1921.....	54%	53%
(b) July, 1921.....	49%	49%
(c) August, 1920.....	84%	82%

An analysis of the returns by industries shows gains in the following industries:

	No. of firms	Number of men employed	Per Cent Gain*
Automobiles and Accessories (Outside Detroit)	11	7,590	3.6
Railway Repair Shops.....	4	7,611	17.0
Coal.....	6	5,405	4.5
Lumber and Mill Work.....	11	3,722	10.1
Furniture.....	10	3,795	3.6
Electrical Goods.....	7	4,902	3.2
Packing.....	4	16,051	2.1
Tailoring.....	16	8,876	1.2
Knit Goods and Wearing Apparel.....	13	7,205	2.1
Shoes.....	3	1,296	5.0
Chemicals, Paints, Dyes, and Soaps.....	10	4,375	5.4
Paper and Printing.....	12	3,287	2.4
Boxes and Containers.....	7	1,295	14.1

*Change in August compared with previous month

A few industries still show considerable decreases:

	No. of Firms	Number of men employed	Per Cent Loss*
Iron and Steel.....	54	28,307	0.9
Metals (Other than Steel and Iron).....	12	2,745	11.1
Public Utility.....	7	30,613	1.7
Stone, Cement, and Clay Products.....	15	2,683	2.9
Contracting and Building.....	8	4,403	5.9

*Change in August compared with previous month

The report from the Employers' Association of Detroit, composed largely of the automobile industry, gives 115,773 men employed on September 20 as against 117,420 men on August 23. This is a decrease of 1.4 per cent. The increase in this industry shown in the table above is based on reports from plants outside of Detroit.

Reports from the Central Illinois Coal Bureau give figures on the activity of 63 mines. Of the 13,608 full-time hours that the mines should have operated during August, only 5,491 were used; that is, 59.6 per cent of the working time was lost, of which loss, 52.9 per cent was due to a lack of market. The September figures show some improvement; for the week ending September 10, the report shows 52.6 per cent of full-time hours per man.

Several of the big packing companies have put into effect the American shop representation plan. This plan provides for an elective council of employees, union and non-union, which will deal with representatives of the employers in settling questions of wages and working conditions. The Federal mediation plan under which Judge Alschuler acted as arbiter for this industry, expired September 15.

The figures for the United States issued by the Department of Labor show a gain of 1.08 per cent in the number of persons employed during August.

POSITION OF MEMBERS AND THE RESERVE BANK

While a growing demand for credit for live stock feeding was in evidence in the month from August 17 to September 14, it was apparently being taken care of without an increase in the aggregate of bank loans to customers and without increasing the rediscounts of member banks at the Reserve Bank. Statistics for 112 reporting member banks in that period showed a decrease in loans to customers of 1.1 per cent. Approximately this same percentage of decrease was maintained by banks reporting from Chicago, Detroit, and other leading cities of the district, as a whole. The reduction during that period in rediscounts of those banks at the Federal Reserve Bank was 17.1 per cent; the decline in rediscounts for Chicago reporting member banks was 30.9 per cent; and for Detroit reporting member banks 15.1 per cent, while the decrease in rediscounts by 48 representative banks, located outside of Chicago and Detroit, showed a decline of only 2.6 per cent. No statistics are available to enable a comparison of the member bank loans to customers in 1920 and 1921, but rediscounts of all member banks at the Federal Reserve Bank of Chicago were reduced 11.4 per cent between August 17 and September 14, in 1921, as compared with an increase of 1.8 per cent during the corresponding period in 1920. While the total borrowings of all member banks decreased 10.3 per cent in this four-week period of 1921, they increased 2.9 per cent in the corresponding period of last year.

Neither are statistics yet available for comparison of later weeks of member banks' loans to customers. However, in the week ending September 21, there was an increase in borrowings at the Reserve Bank, traceable largely to requirements for income tax payments and Government financing. In this week total borrowings of all member banks increased from 195 to 226 millions, rediscounts increasing from 139 to 164 millions. These increases brought rediscounts and total borrowings to amounts above those on August 17, which were 157 millions and 218 millions, respectively. In the week ending September 21, 1920, rediscounts increased from 293 millions to 339 millions, and total borrowings from 434 millions to 477 millions. On August 17, 1920, rediscounts were 287 millions and total borrowings 421 millions.

Weekly reports of the Federal Reserve Bank of Chicago from August 24 to September 14 showed a marked increase in total reserves and decrease in total bills on hand, the former increasing from 462 to 497 millions and the latter decreasing from 222 to 197 millions. Included in the reduction in total bills on hand was that in bills discounted, secured by Government obligations, from 72 to 63 millions and that in bills bought from 3.3 to 1.6 millions. However, in the week ending September 21, total bills increased to 230 millions, showing increase in bills discounted, secured

by Government obligations, to 69 millions and in bills bought to 3.4 millions. Total reserves decreased to 445 millions during this week. On January 7, 1921, reserves stood at 329 millions; bills on hand at 462 millions, including bills discounted, secured by Government obligations amounting to 136 millions, and bills bought amounting to 24 millions. Federal Reserve notes in circulation decreased from 431 to 427 millions in the period from August 24 to September 21, while total deposits decreased slightly, showing a decrease in member bank deposits of 6.9 millions and increase in Government deposits of 5.7 millions. The ratio of total reserves to deposit and Federal Reserve note liabilities combined stood at 68.4 per cent on August 24, increased to 72.6 per cent in the period ending September 14, and decreased to 66.3 per cent in the week ending September 21.

COMMERCIAL PAPER VOLUME AND RATES

The Commercial Paper market gained in sales during August, sales of five reporting dealers in this district showing an increase of 24 per cent for August, compared with July. Dealers report new customers entering the market during the past month, with buying coming from suburban districts. The paper sold was chiefly that of grain handlers, millers, and packers.

Lower rates are reported, ranging from $5\frac{3}{4}$ to 8 per cent, the customary rate being $6\frac{3}{4}$ to $7\frac{1}{4}$ per cent. Cheap money in the East is having its effect on this market.

BANKERS ACCEPTANCE STATISTICS

August reports from twenty-nine banks in the Seventh Federal Reserve District, show a marked increase over July in bills sold, and in bills held at the close of the month.

A continued demand from corporations and individuals is reported. Maturities of bills purchased in August were divided as follows: 30 day, 24.9 per cent; 60 day, 12.4 per cent; 90 day, 60.9 per cent; 120 day, 0.4 per cent; and 180 day, 1.4 per cent.

A comparison of returns shows an increase for August, as compared with July, of 21.8 per cent in bills bought; 42.7 per cent in bills sold; 80.5 per cent in bills held; and a decrease of 8.5 per cent in bills accepted. The greater part of the acceptances were drawn against meats, grain, and cotton. Detailed comparisons follow:

TWENTY-NINE BANKS	IN THOUSANDS OF DOLLARS	
	AUGUST	JULY
Bills bought.....	18,886	15,500
Bills sold.....	24,412	17,101
Held at close of month.....	8,843	4,899
Amount accepted.....	20,729	22,651

Comparison of statistics on Bankers Acceptances at the Federal Reserve Bank of Chicago for July and August follows:

DURING MONTH	AUGUST	JULY
Bankers Acceptances rediscounted.....	\$ 5,000	None
*Bankers Acceptances bought.....	9,814,864	\$7,855,709
Bankers Acceptances sold from holdings....	125,000	70,000
HELD AT CLOSE OF MONTH		
Bankers Acceptances rediscounted.....	5,000	2,314
*Bankers Acceptances bought.....	3,053,649	2,315,368

*Included in Acceptances Bought, but not in Acceptances Sold are those bought with agreement by the sellers to repurchase, within fifteen days.

DEBITS TO INDIVIDUAL ACCOUNTS BY BANKS

The clearing movement of checks as indicated in the aggregate debits to individual accounts, shows a decrease of about 8.1 per cent compared with the previous month, and a decrease of 28.5 per cent from a year ago.

FOREIGN TRADE COMPARED WITH LAST YEAR

Reports from the Department of Commerce show imports and exports of merchandise for the first eight months of the year amounting to 42 and 59 per cent, respectively, of those of the corresponding period of last year; while in August, imports were 38 per cent and exports 65 per cent of those of August last year.

The total debits for the week ending September 14, 1921, reported by 203 banks in twenty-four leading clearing house centers, including Chicago, in the Seventh Federal Reserve District, were \$892,425,000, a decrease of \$78,862,000 from the corresponding week of August, and a decrease of \$356,038,000 compared with the same period of last year.

SAVINGS DEPOSITS AT CHICAGO

A withdrawal of savings in Chicago is shown in the bank call of September 6. In the preceding period between calls, increases in savings deposits were shown. The call of September 6, as compared with that of June 30, shows decreases of 2.7 per cent and 5.9 per cent in savings deposits of National and State banks, respectively. Loans and discounts in National banks decreased 7.3 per cent and in State banks 6.1 per cent; while deposits gained 10.1 per cent in National banks and fell off 3.1 per cent in State banks.

BOND AND INVESTMENT MARKET IN MIDDLE WEST

The investment market has been extremely active the last few weeks, with a very large volume of new issues readily absorbed; for instance, an issue of \$3,600,000 City of Milwaukee bonds was all sold and distributed in one day. There was a larger volume of municipal bonds sold during August than any other kind of investment. The demand for foreign securities improved during August, and there is a very wide and active market for all foreign issues at advancing prices. The demand for tax-exempt securities is broadening.

The last month's sales would indicate that the supply of money for investment is increasing. Another important fact is that dealers in securities have a very small supply of bonds on hand, which indicates that the vast amount of securities, which have been put out this year, have been absorbed. The demand for public utility, light and power bonds continues, but unfortunately for the dealer, this class of securities is scarce and comparatively little money is required now.